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Title: Central Banks Just Did Something They've NEVER Done (And Won't Tell You Why) **Author:** Economy Rewind

The Unprecedented Coordination of March 2023

In March 2023, central banks around the world did something **unprecedented**. In just 72 hours, the Federal Reserve, European Central Bank, Bank of England, Bank of Japan, Swiss National Bank, and Bank of Canada issued a coordinated statement that received almost no media coverage. They announced the establishment of **standing swap line arrangements**—permanent channels to exchange currencies with each other at a moment's notice, with no limits, at any time.

The world's most powerful financial institutions just created an **unlimited emergency funding system**, and they're calling it "precautionary". When was the last time central banks described something as precautionary then never used it? Never. They are preparing for something big enough that they needed every major central bank coordinated and ready—something they clearly see coming but won't publicly acknowledge.

The Global Gold Buying Spree and Secret Infrastructure

The evidence of what they're preparing for is hiding in plain sight. First, consider the **buying spree** that doesn't make sense: in 2022 and 2023, central banks purchased **2,262 tons of gold**, the highest level of gold buying in 55 years. They bought this gold while simultaneously claiming inflation was transitory and their currencies were stable.

The People's Bank of China added 225 tons, Poland increased holdings by 130 tons, and Singapore, India, and Turkey are all loading up on physical gold at a **record pace**. Second, there is the infrastructure nobody asked for: in July 2023, the Bank for International Settlements (BIS) launched the **"Finet"**. Buried in the technical documents is the description of a system "capable of operating during periods of **financial instability or infrastructure disruption**". You don't build a backup financial system unless you expect the current system to fail.

Rehearsing for a Systemic Collapse

Every year since 2020, the Federal Reserve, along with the Treasury and FDIC, has been conducting **"resolution planning exercises"**. These are detailed simulations of major bank failures, but they aren't practicing for just one or two banks; they're practicing coordinated responses to **simultaneous failures** across the entire banking system.

The 2023 exercise specifically included a scenario where multiple systemically important institutions experience severe stress following a sudden loss of market confidence. They're not just planning for a crisis; they're **rehearsing** for one. This pattern is familiar:

- **In 1927**, central banks held secret meetings that coordinated easing, which supercharged the credit boom leading to the **1929 crash**.
- **In 1968**, they secretly met to defend the gold standard through a "gold pool" while telling the public the system was stable, only for it to collapse in 1971.
- **In 2007**, they introduced temporary swap lines—the same mechanism they made permanent in 2023—while publicly claiming no "significant spillovers" were expected from the subprime market.

The pattern is always the same: coordinate in secret, build emergency infrastructure, tell the public everything is fine, then act shocked when the crisis hits.

Scenario 1: The Breaking of the Treasury Market

The **U.S. Treasury market** is $26 trillion in size and is supposed to be the most liquid, stable market in the world, but in March 2020, it broke. For three days, the safest asset in the world became untradable until the Fed stepped in with $1 trillion. It happened again in October 2023 when liquidity evaporated during a routine auction.

Now, the Fed has expanded the **standing repo facility** to be unlimited and available 24/7. Why? Because **$7.5 trillion in Treasury securities** need to be rolled over in the next 12 months, and foreign buyers—who used to buy 40% of new issuance—are now **net sellers**. China has reduced holdings by $300 billion, and Japan and Saudi Arabia are diversifying away from dollars. They are building infrastructure to keep the market functioning when it breaks again.

Scenario 2: The Commercial Real Estate Insolvency

U.S. Commercial Real Estate is worth approximately $20 trillion, with $1.5 trillion in loans maturing between 2024 and 2026. These loans were made when offices were 95% occupied and interest rates were 2% to 3%. Today, offices are 50% occupied and rates are 7% to 8%.

A 2023 study found that **385 U.S. banks face potential insolvency** if prices decline by 20%, yet they have already declined by 35% in major markets. Regulators are allowing banks to "extend and pretend" by not marking these loans to market value, carrying them at 2019 prices. The Fed's **Bank Term Funding Program** even allows banks to borrow against assets at face value, regardless of their actual market loss, to keep insolvent banks operating.

Scenario 3: CBDCs and the Era of Programmable Money

107 countries, representing 95% of global GDP, are now exploring or piloting **Central Bank Digital Currencies (CBDCs)**. The Fed is testing "Fed Now," and the European Central Bank is advancing the digital euro. Their capabilities include **programmable money**: the ability to set rules on how currency is spent, including **expiration dates**, geographic restrictions, and **negative interest rates**.

In 2008, people saved because they were terrified; next time, central banks want direct control to **force economic behavior**. They want to program money that you *must* spend in certain places by certain dates.

Scenario 4: The Debt Death Spiral

Global debt is $37 trillion, and U.S. federal debt is $34 trillion, rising by **$1 trillion every 100 days**. Interest payments on U.S. debt are now **$1.1 trillion per year**, exceeding defense spending. At current rates, debt service consumes 18% of tax revenue; at 8%, it would consume 40%. This is the mathematical definition of a **debt death spiral**.

Central banks have two choices: let governments default, or print money to buy the debt. They are choosing the latter through **yield curve control**, which guarantees the destruction of currency value. They are preparing to choose **currency devaluation** over government default.

Scenario 5: The End of Dollar Dominance

The dollar has been the world's reserve currency since 1944, but something is shifting. In 2023, 23% of China's cross-border transactions were settled in Yuan, up from 0% in 2010. The **BRICS nations** are developing alternative payment systems, and even Saudi Arabia is accepting Yuan for oil.

The BIS explicitly stated in December 2023 that central banks should prepare for scenarios where **multiple reserve currencies** operate simultaneously. When dollar dominance ends, the U.S. loses its ability to export inflation, making

that $34 trillion debt an immediate, localized crisis. The transition from a unipolar to a **multi-polar monetary system** is what the swap lines and emergency facilities are truly designed to manage.

The Credibility Trap and the Final Preparation

Central banks won't explain these risks because acknowledging them would **trigger the crisis**. If they admit concerns about Treasury dysfunction or bank impairment, they cause the very sell-offs and bank runs they want to avoid. They are trapped by their own credibility.

We are currently in **Phase One**, where "everything is fine". When the transition occurs, there will be clear winners and losers:

- **Losers:** Savers in dollars, euros, or yen; pension funds; retirees on fixed incomes; and middle-class employees whose wages lag behind inflation.
- **Winners:** Those holding **hard assets** like real estate, commodities, and productive businesses; those positioned in **gold** and monetary metals; and the ultra-wealthy with access to specialized advice.

You don’t have to be ultra-wealthy to be on the winning side, but you must understand what is coming before everyone else does. Central banks are buying gold at a record pace and building backup systems while telling you everything is fine. The time to prepare is **now**, because the moment they stop saying it’s fine, it will already be too late.

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